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SUBJECT: (S) UK URGES USG TO DECLASSIFY INTELLIGENCE
RELATED TO IRAN SANCTIONS

REF: A. LONDON 118
[1](#)B. RUGGIERO - JOHNSON E-MAIL 1/18/09

Classified By: KATHLEEN DOHERTY, ECONOMIC COUNSELOR, FOR REASONS 1.4 B
& D

[1](#)1. (S/NF) Summary: UK Treasury and Foreign Office officials have expanded upon their prior request for USG declassification of intelligence on Iran sanctions issues. HMG is concerned that a lack of substantial USG-provided information in the public statements of case will hamper the ability of EU and UK lawyers to present a strong argument to the European Court of First Instance in Bank Melli's appeal of the EU sanctions. HMT officials fear they will lose the case using only the current information, and that loss could severely damage the EU's abilities to pursue further sanctions against Iran's nuclear proliferation activities. HMG requests the information by early February, if possible. End Summary.

[1](#)2. (S/NF) We appreciate Washington efforts (Ref B) in response to our request in Ref A (para 13) for additional declassified information on Bank Melli, SHIG, SBIG and AIO, among other groups. HMT officials asked us to come in January 26 to reiterate HMG's request for support in upcoming cases at the European Court of First Instance. HMT believes the court will combine two cases involving Bank Melli London's appeal of EU sanctions, and one involving Melli Iran's direct challenge to the EU listing. In addition, a terrorist finance case brought by Abu Katadi challenging his designation by the EU has many crossover issues concerning the level of evidence used in the designation process. HMT is also concerned because the Yassin Qadi EU listing - and subsequent legal challenges - was mentioned in the Melli case. The British told us the recent UK and EU court demands for more specific derogatory information in the statements of case is being applied widely - including against country-based targets. Note: HMG recently de-listed Qadi from their domestic terrorist finance designations due to lack of sufficient evidence and fear an adverse court ruling could shut down their whole asset freezing regime. End note.

[1](#)3. (S/NF) UK efforts to squeeze the British P and I Club (shipowners' mutual insurance group) working with IRISL (Islamic Republic of Iran Shipping Lines; Septel to follow) would also benefit from the release of additional information, HMT told us. HMT described to us an unclassified piece the British Defense Intelligence Staff (DIS) put together on IRISL for the purpose of presenting to the P and I club. According to HMT, DIS sent the report to the National Security Agency for clearance, but the version was so stripped down it could not be used. In fact, HMG believes the NSA-cleared version would strengthen the P and I club's resolve in claiming the UK (and USG) haven't presented

a strong enough case against IRISL to convince the insurer to cease business.

14. (C) HMT officials expect a rash of well-funded challenges to other sanctions regimes as well, including the EU's Zimbabwe penalties. John A. Bredenkamp is wealthy enough to mount an aggressive fight, has already written several letters indicating he will challenge the sanctions, and HMT believes the EU's case against him is thin on evidence. FCO has already asked for information in addition to what OFAC provided on January 16.

The More Specific the Better

15. (S/NF) Specific information as to the bad actions of each designated entity will be necessary to rebut the designee's charges that the EU case against them is insufficient, HMT told us. The burden is on the government these days to prove its case in both European and UK courts - a shift in the court's attitude from previous years, we were told. HMT said that to avoid court reversal, they will need a full statement of the reasons for designation. They were, however, at pains to describe precisely what was necessary to pass judicial muster, and suggested the judges themselves wouldn't likely know what was sufficient until they saw the entirety of the case. Specifically in the Melli case, European lawyers will need to show a business relationship between the banks and the proliferating entities. Ideally, they would like an unclassified statement saying that on a certain date, parties x and y entered a deal to proliferate. Understanding it is

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unlikely such a specific activity would be released by U.S. intelligence agencies, HMT requested USG paint as vivid a description of the activity as possible to show clearly the actions of the sanctioned party. In the big picture, however, HMT felt obtaining a solid case against Melli was a higher priority than creating one against IRISL.

16. (S/NF) Comment: In recent days, several EU and UK-related cases have surfaced necessitating USG assessment of the pros and cons of declassifying crucial information. In some cases, it may not be advantageous to burn a source or method for what may mainly be an optical gain (i.e, with some individuals or groups). In the case of EU sanctions against Bank Melli, a cornerstone of P5 +1 efforts against the Iranian nuclear program, however, it may be worth considering selective release.

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